HEARING ON TECHNOLOGY ADMINISTRATION FISCAL YEAR 2000 BUDGET AND THE FASTENER QUALITY ACT AMENDMENTS

STATEMENT FOR THE RECORD

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Today we are considering the FY 2000 budget for the Technology Administration and the reform of the Fastener Quality Act. Both issues are important to American industry and competitiveness. I thank the witnesses who will be testifying before us today. My colleagues and I look forward to hearing your remarks and discussing these vital issues with you.

Successful technology development, deployment and diffusion drive economic growth and are increasingly essential to US competitiveness. Given the central role that technology plays in the economic growth, all jurisdictions - federal, state and local - are concerned with creating and maintaining the conditions that are conducive to the development of new technologies and the adoption and diffusion of existing ones. The Technology Administration through its four constituent components, the Office of Technology Policy (OTP), the Office of Space Commercialization (OSC), the National Institute for Standards and Technology (NIST) and the National Technical Information Service (NTIS) has been instrumental in advancing American technological leadership through innovative programs that promote partnerships between state and local governments, universities, community colleges, non-profit organizations and the private sector.

The National Institute of Standards and Technology - NIST - is approaching one hundred years of support to industry, commerce, scientific institutions and all branches of government. American technological and business leadership in the world today is due in no small measure to the efforts of NIST. NIST has worked with industry to promote U.S. economic growth by advancing measurement, developing standards and applying technology. Abroad NIST has worked to encourage emerging nations to adopt American standards, thus making our products easier to market. At home, programs such as the Advanced Technology Program (ATP) and the Manufacturing Extension Partnership (MEP) help develop and maintain American technological leadership by funding new technologies and making sure that American companies stay abreast of technological developments.

ATP has provided U.S. companies with funding for commercially relevant research and development ventures that private capital sources would be unlikely to finance. More than 120 technologies developed through ATP funding have been commercialized by

industry. Most of these grants, including 68% in FY 98, went to small companies. More than 100 colleges and universities have shared in the program.

Through the Manufacturing Extension Partnership (MEP) NIST has created a nationwide network of services to assist smaller manufacturers in becoming globally competitive. The network of locally-run centers in all 50 states and Puerto Rico provide technical advice and consulting to small firms that may lag behind foreign competitors in technology and operations. MEP-assisted companies surveyed report benefits of $8 for every $1 that the federal government has invested in MEP Centers.

In most of the less-populated states, manufacturers and industries tend to be small which in turn means a limited industrial research base. These states are at a competitive disadvantage because they lack the critical mass necessary to develop industrial clusters. The Experimental Program to Stimulate Competitive Technology (EPSCoT) seeks to catalyze state efforts to remedy this disadvantage. EPSCoT encourages innovative non-profit and private sector initiatives that can spur a virtuous cycle of collaboration among universities, private companies and public sector agencies. This collaboration in turn improves a region's ability to anticipate and respond to changing economic conditions. There are 19 states eligible for EPSCoT grants, but only six have been funded so far. This innovative and successful program should be allowed to grow naturally so that all parts of the country can benefit and participate in the expansion of American technological leadership.

To insure that the Technology Administration continues to be able to conduct state-of-the-art research necessary for advanced technology, we must invest in state-of-the-art research facilities. Breakthrough technologies are unlikely to come from technologically obsolete laboratories. The President's budget request includes much needed funds to undertake critical maintenance at NIST's 30 and 45 year old research facilities as well as the continued construction of the Advanced Measurement Laboratory.

NIST has played a central role in assuring public safety. The Fastener Quality Act enacted in 1990 requires that a NIST-accredited laboratory test or document all grade-marked fasteners that directly or indirectly reference a consensus standard to insure that public safety is not jeopardized. However, the FQA provisions have never been implemented by regulation. In the intervening years, fastener manufacturing processes and technology have improved so much that the Department of Commerce recently concluded that problems are only a fraction of what they were in 1990. S. 795 of which I am an original cosponsor along with Senators McCain, Hollings, Frist and Burns builds on NIST's work and restricts the FQA's coverage to high strength fasteners, delays requirements for use of accredited labs for two years, allows fraud in commercial transactions involving fasteners to be punished and allows for electronic record keeping.